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BY EMAIL

August 25, 2014

Honorable Shelley C. Chapman
United States Bankruptcy Judge
United States Bankruptcy Court
One Bowling Green
New York, NY 10004-1408

Re: In re Lehman Brothers Holdings Inc., Chapter 11 Case No. 08-13555 (SCC) (jointly administered)

Dear Judge Chapman:

Reference is made to the *Motion for Relief from Stay and Injunction Provided Under Plan* (the “Stay Relief Motion”) [ECF No. 4484], filed by Claimants Coleen Denise Colombo, Isabel Guajardo, Linda Howard-James, Cheryl McNeil, Michelle Seymour, and Sylvia Vega-Sutfin (collectively, the “Claimants”) and the *Order Amending the Order Pursuant to Section 105 of the Bankruptcy Code, Bankruptcy Rule 9014, and General Order M-390 Authorizing the Debtors to Implement Claims Hearing Procedures and ADR Procedures for Claims Against the Debtors*, entered in the above-referenced case on December 13, 2012 [ECF No. 32791] (the “ADR Order”).

In accordance with the ADR Order, BNC Mortgage Inc. (“BNC”) and the Claimants participated in an initial mediation session regarding certain disputed claims before Lizbeth Hasse in San Francisco, California, on May 5, 2014. That mediation session was unsuccessful.

On June 24, 2014, the Claimants filed the Stay Relief Motion in order to liquidate their claims against BNC in the action pending in the Superior Court of the State of California, County of Sacramento, Case No. 05AS05161. The Stay Relief Motion was erroneously scheduled for the August omnibus hearing date in violation of the terms of the ADR Order. Rather than contest the propriety of the filing, BNC and the Claimants agreed to adjourn the matter to the omnibus hearing to be held on September 9, 2014. See *Notice of Adjournment of Motion for Relief From Stay and Injunction Provided Under Plan* [ECF No. 45080].

In a further effort to resolve the matter consensually, BNC and the Claimants agreed to conduct a second mediation session before Ms. Hasse. That session took place on August 13, 2014 and, unfortunately, did not result in a settlement. Although the ADR Order provides that the discussions during mediation are confidential, I believe I can disclose to the Court that one of the topics discussed at the August 13th session was the extent of BNC’s available insurance coverage. Since the conclusion of the August 13th mediation session, BNC has engaged in a review of the applicable employment practices liability

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insurance policy and has concluded that there is insurance coverage available, but only if the allowed amount of the Claims coupled with BNC's legal fees and expenses exceeds \$5 million. Consequently, although BNC has not satisfied the retention provision under the applicable policy, it is in the process of notifying its insurer of the Claimants' claims.

On August 21, 2014, I provided Mr. Gary Gwilliam, counsel for the Claimants, with an update and notified him that BNC intends to involve its insurer in further negotiations and litigation. I requested a further adjournment of the Stay Relief Motion to avoid the unnecessary time and expense attendant in litigating the Stay Relief Motion, as well as to provide the insurer with sufficient time to become familiar with the claims so that it may participate in BNC's deliberations regarding how best to proceed. Counsel for the Claimants denied BNC's request for adjournment. By e-mail, dated August 22, 2014, I advised counsel for Claimants that BNC intends to seek an adjournment of the hearing on the Stay Relief Motion and gave him another opportunity to consent. That request was similarly denied.

In light of the foregoing and pursuant to your Honor's chambers' rules, we respectfully request an adjournment of the hearing on the Stay Relief Motion that is currently scheduled for September 9, 2014 at 10:00 a.m. (Prevailing Eastern Time) and the corresponding objection deadline of September 2, 2014 at 10:00 a.m. (Prevailing Eastern Time) to October 7, 2014 at 10:00 a.m. (Prevailing Eastern Time) with a corresponding response deadline of September 30, 2014 at 4:00 p.m. (Prevailing Eastern Time). We believe that BNC's request, the first adjournment it has requested from Claimants, is fair and reasonable and in the best interest of all parties involved.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jacqueline Marcus".

Jacqueline Marcus

cc: Gary Gwilliam, counsel for the Claimants (via email)
Randy Strauss, counsel for the Claimants (via email)
Mark Bostick, counsel for the Claimants (via email)
Jack A. Raisner, counsel for the Claimants (via email)
Elizabeth Dreyfuss, counsel for the Claimants (via email)